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House passes anti-gambling bill

The Internet Gambling Prohibition and Enforcement Act was championed by Reps. Rick Boucher and Bob Goodlatte.

By **Andrew Kantor**, 981-3384

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Graphic

Revenue from online gambling expected to rise

Quick Online-Gambling Facts

People around the world spend about \$12 billion per year gambling online.

Half of all online gambling spending comes from the U.S.

39 states have lotteries, ranging from scratch-off games to multi-state games. Odds of winning roulette's biggest payout: 37 to 1.

Odds of winning a \$2.00 prize in Virginia's Mega Millions: 75 to 1.

The GTech Corporation of Rhode Island manages most state lotteries in the country, and controls 70 percent of the worldwide online lottery business.

Sources: Rep. Bob Goodlatte, FastOdds.com, Mega Millions, GTech Corp.

After at least eight failed attempts since the late 1990s, Reps. Rick Boucher, D-Abingdon, and Bob Goodlatte, R-Roanoke, saw their anti-Internet gambling bill pass the House of Representatives Tuesday by a vote of 317-93.

The proposed Internet Gambling Prohibition and Enforcement Act would prohibit wagers from leaving the borders of individual states, either by telephone or over the Internet.

Gambling is illegal in the United States except for what's authorized and regulated by individual states; that's why you can play the slots in Nevada, among other places, but not in Virginia. To combat gambling over the telephone, in 1961 Congress passed the Interstate Wire Act. But the courts have ruled that it only covered sports betting. The new bill extends the Wire Act's restrictions to cover all types of betting and the gamut of technologies.

"It's carrying into the modern age a long-standing policy," said Boucher.

Besides making it clear that online gambling is illegal, Boucher and Goodlatte's bill would also require that banks block transfers of money to overseas gambling sites. If people can't pay, they say, they can't play.

So why would two representatives from Southwest Virginia, far from the gaming centers of Las Vegas and Atlantic City, sponsor a bill that would make it illegal for Americans to bet online across state borders?

For Boucher, it's a social issue. The ease of visiting online casinos outside the U.S. is "wreaking havoc with destroyed lives and indebted young people," he said. Furthermore, "I'm personally opposed to gambling. I don't think gambling should be a lawful activity."

Despite this, Boucher said the law, if it passes the Senate and is signed by the president, will not affect current legal gambling -- state lotteries and horse racing in particular. States, he said, are still free to

legalize wagering, online or in person, as long as the bets take place within their borders.

Goodlatte shares Boucher's concerns about the social aspects of games of chance.

"There are many problems attributed to gambling, from family problems to bankruptcy problems, to minors gambling, to addiction, to the involvement of organized crime," he said, "and maybe even for terrorist organizations raising money."

But critics of the bill argued that regulating and taxing the industry would be better than outlawing it. Several European countries, including the United Kingdom, raise millions in revenue, much of it from Americans.

"More than half of the \$12 billion Internet gambling industry is coming out of the United States to illegal, unregulated, untaxed sites," Goodlatte said. But many of those sites are legal, regulated and taxed -- just not by the United States.

Goodlatte, though, thinks trying to change that is a losing battle. "There's no way to regulate gambling on the Internet in a comprehensive way," he said. Besides, Washington has always shied away from that kind of legislation.

"The United States has never had a federal gaming commission," he said. "We have always left this to the individual states." And the states, he said, "are very, very protective of their sovereign prerogative in this area."

Thirty-nine of them, including Virginia, have state lotteries, although some representatives pushed to have those declared illegal as well, in the interest of consistency.

Rep. Shelley Berkley, D-Nev., said it was unfair to allow online lotteries and betting on horse races to flourish while cracking down on other kinds of sports betting, casino games and card games such as poker.

Poker players also argued that poker is a game of skill, not chance. "They call it a prohibition. It's really Congress picking winners and losers," said Michael Bolcerek, president of the Poker Players Alliance, a San Francisco-based group that opposed the bill.

Even if the bill passes the Senate -- something that's unlikely, because Republican leaders there have not considered it a high priority -- enforcement is dicey.

Most obviously, it's impossible to outlaw the casinos. Not only are they not located in the U.S., but they're also legal in many countries where online gambling is a revenue source.

It's also virtually impossible to ban American Internet users from the sites the way some countries ban their citizens from accessing certain pages. Internet service providers couldn't monitor their users' online activity without raising significant privacy issues, and software is available to allow users to circumvent filters.

Perhaps with that in mind, the bill takes a different tack. It bans the use of credit cards, checks or fund transfers for settling Internet wagers, and requires that banks establish procedures for blocking the transactions.

"The money ... has to go through the U.S. financial services industry," Goodlatte said.

Stopping those transactions puts a burden on that industry, though, requiring not only that it monitor users' credit card and banking activity, but also that it identify online casinos on the other end of any transactions. That's not always easy, as many casinos are incorporated under names that disguise their true purpose.

Despite the problems, Goodlatte has high hopes for the bill, if only to protect consumers.

"People will look at a virtual roulette wheel on their computer screen and will place bets on that, even though there's no way to know whether that's a fair and honest option," he said.

But Rep. Barney Frank, D-Mass., said he thinks it's a waste of time. "Prohibition didn't work for alcohol. It won't work for gambling."

The Associated Press contributed to this report.
